



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

November 2003

National Cheddar Cheese Commodity Price Drops . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for butter and nonfat dry milk rose slightly, but the Cheddar cheese price moved from remaining steady to a slow decline in price. Consequently, all types of milk showed a decrease: whole milk decreased nine and four tenths cents per gallon, reduced fat milk decreased ten and eight tenths cents per gallon, lowfat milk decreased eleven and eight tenths cents per gallon, and skim milk decreased ten and two tenths cents per gallon.

**See lowest reported lawful retail milk prices on page 2.*

During the month, ideal weather across much of the country helped keep milk production and the production of cheese steady, however retail sales of dairy products were low. The upcoming holiday seasonal demand for dairy products should boost butter and cheese sales. California milk production continues to remain steady or slightly less than last year levels. Nationally, total milk production, milk production per cow, and milk cow numbers continue to be flat or down slightly when compared to last year levels and the upcoming winter weather may contribute to continuing this trend.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for December 2003

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.300	\$0.650	\$0.325	\$0.162	\$0.108	\$0.081
Reduced Fat (2%)	\$1.243	\$0.621	\$0.311	\$0.155	\$0.104	\$0.078
Lowfat (1%)	\$1.216	\$0.608	\$0.304	\$0.152	\$0.101	\$0.076
Nonfat (Skim)	\$0.949	\$0.475	\$0.237	\$0.119	\$0.079	\$0.059
Southern California						
Whole Milk	\$1.323	\$0.662	\$0.331	\$0.165	\$0.110	\$0.083
Reduced Fat (2%)	\$1.266	\$0.633	\$0.317	\$0.158	\$0.106	\$0.079
Lowfat (1%)	\$1.240	\$0.620	\$0.310	\$0.155	\$0.103	\$0.077
Nonfat (Skim)	\$0.974	\$0.487	\$0.243	\$0.122	\$0.081	\$0.061
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.094↓	\$0.047↓	\$0.024↓	\$0.012↓	\$0.008↓	\$0.006↓
Reduced Fat (2%)	\$0.108↓	\$0.054↓	\$0.027↓	\$0.013↓	\$0.009↓	\$0.007↓
Lowfat (1%)	\$0.118↓	\$0.059↓	\$0.030↓	\$0.015↓	\$0.010↓	\$0.007↓
Nonfat (Skim)	\$0.102↓	\$0.051↓	\$0.025↓	\$0.013↓	\$0.008↓	\$0.006↓

California Department of Food and Agriculture (CDFA)

William (Bill) J. Lyons Jr., Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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Minimum Prices for the Milk Component of Various Manufactured Dairy Products

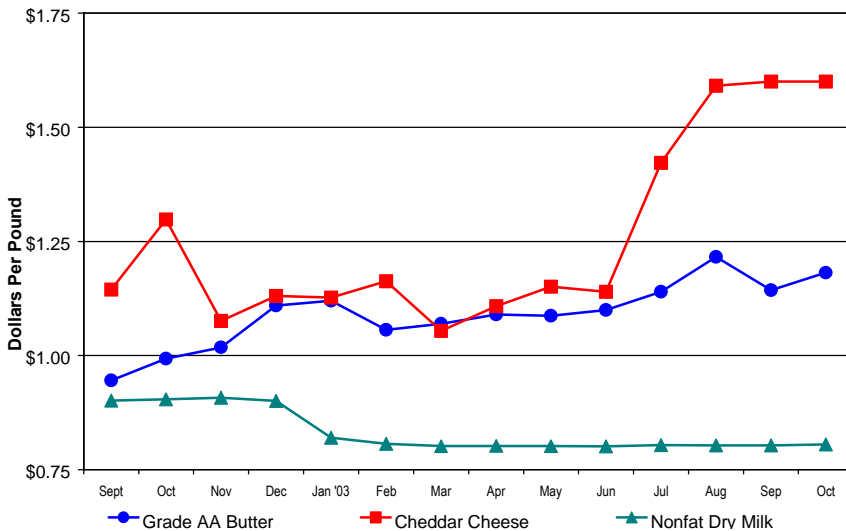
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

Feb '03
Mar
Apr
May
June
July
Aug
Sept
Oct
Nov

Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
\$0.18	\$1.12	\$0.43
\$0.18	\$1.12	\$0.43
\$0.18	\$1.07	\$0.41
\$0.18	\$1.07	\$0.41
\$0.18	\$1.08	\$0.42
\$0.18	\$1.08	\$0.42
\$0.18	\$1.13	\$0.44
\$0.18	\$1.13	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.15	\$0.44

National Commodity Prices September 2002 - October 2003 Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk November 2003

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.85	\$2.43
2% Reduced Fat	\$4.75	\$2.38
1% Lowfat	\$4.75	\$2.38
Nonfat/Skim	\$3.99	\$2.00
<u>Southern California</u>		
Whole Milk	\$4.77	\$2.39
2% Reduced Fat	\$4.67	\$2.35
1% Lowfat	\$4.67	\$2.35
Nonfat/Skim	\$3.95	\$1.98

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In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfa.ca.gov, or by contacting TDD 1-800-735-0193.



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